

MAY 2011

## A GUIDE TO INTERNATIONAL PMI



IN ASSOCIATION WITH



EXPERT INSIGHT INTO KEY AREAS OF THE HEALTH INSURANCE INDUSTRY

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# Mapping the opportunities

## Making the most of the world's expat hotspots



The past twelve months has seen continued interest in the international private medical insurance (iPMI) market from intermediaries based in the UK and further afield.

It is a trend that has characterised the health insurance industry for some time now; while the domestic PMI market has contracted slightly during the recession, brokers and advisers have continued to look to expand their iPMI businesses

to make up the shortfall.

For their part, insurers have ploughed more and more resources into the sector as opportunities continue to emerge, in spite of concerns that some employers have been cutting back on overseas postings.

New providers have burst onto the scene, giving intermediaries and their clients more choice than ever when it comes to placing iPMI business. British-based brokers have notoriously high standards and expectations of insurers and so providers new to the market will be keen to deliver from the word go.

More established players, meanwhile, will be hoping that their reputations and heritage will be enough to persuade advisers that their offering is the best.

Either way, challenges for brokers and providers remain. Different countries face different healthcare issues; national health systems vary dramatically and it is essential that brokers and providers work together to help clients to navigate through each territory's idiosyncrasies effectively.

This guide, meanwhile, present some different views on some of the major issues at play in three continents with large expat populations.

**David Sawers, Editor**

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# SETTING THE SCENE

## Taking care of the hotspots

As recessionary concerns continue to ripple through the global economy, brokers would be forgiven for thinking that the boom times may be over.

But while there is little doubt that the international private medical insurance (iPMI) market faces some serious challenges, all of the available research points to the simple fact that individuals and employers are continuing to look beyond their own countries for opportunities to live and work.

Research conducted for Aviva UK Health last year shows that, especially among younger people, there remains a belief that the grass really is greener away

from their country of birth. In fact, more than half (54%) of 1,500 workers surveyed for the insurer are considering a stay in another country.

Fifty six per cent of 18-30 year olds surveyed for the insurer believe there are better prospects abroad than at home. However, a third of young workers say they would not consider taking out additional medical insurance to cover them while abroad.

Other research has highlighted similar levels of foolhardiness even among employers who have overseas workforces. A study carried out for specialist intermediary PMI Global found that a fifth of employers that send employees abroad for more than six months fail to provide them with international health insurance.

### A SEMI-GRATING SOCIETY

- 56% of workers aged 18-30 believe there are better prospects abroad
- 54% are considering a stay in another country
- 43% said a year would be long enough while a fifth would consider a three-year break from the UK
- Workers estimate that "semi-grating" would mean a pay boost of, on average, 35%. Two in five (44%) have already seen a friend or family member move abroad for work in the last three years.
- The most popular destinations for 18 to 30 year olds are Australia, the US, Canada, Spain and New Zealand
- A quarter of respondents to the poll said the NHS is one of the things they would most miss, while almost two thirds (64%) believe the UK has superior state health benefits over other countries.
- One third (34%) of young workers considering "semi-grating" said they wouldn't consider it important to take out additional medical insurance.

*SOURCE: Aviva survey of 1,500 UK workers aged 18 to 45 (of whom 1,000 were under 30) 2010*

### EMPLOYER ATTITUDES TO INTERNATIONAL ASSIGNMENTS


- 20% of companies that send employees abroad for more than six months fail to provide them with international health insurance
- 36% operating in the EU rely on individual European Health Insurance cards (EHIC) for their employees' health cover
- 20% are unaware that their employers liability insurance may not always cover staff working overseas and that country-specific policies may be required
- 48% neglect to conduct full health assessments of the destinations they send staff to
- 44% do not organise vaccinations for their employees where required
- 32% fail to make regular contact with staff working abroad
- 10% do not inform their expatriate employees about where to turn to for health advice

*SOURCE: Survey of 100 companies by specialist intermediary PMI Global, 2010*

The results of such recklessness can, of course, be catastrophic. Healthcare costs in some of the most popular destinations for expats can be significantly higher than at home – and, of course, in most cases there is no NHS to fall back on should illness strike.

While most individuals and employers are aware that healthcare costs in the US are severe, there is little awareness that accessing quality care in new and emerging locations such as China and India can be equally expensive.

The true value of iPMI, of course, comes into play when a claim has to be made. But increasingly insurers are playing an active role in ensuring that individuals and employees have access to preventative and wellbeing services.

So while there is little doubt that the iPMI market does face its own set of challenges – the rising cost of care being perhaps the most pressing one – it is taking steps to ensure that it provides an invaluable safety net to workers and individuals as they live and work abroad. 

**QUALITY OF LIVING INDEX LIST 2010**

Ranking	City
1	Vienna
2	Zurich
3	Geneva
4	Vancouver
5	Auckland
6	Dusseldorf
7	Frankfurt
8	Munich
9	Berne
10	Sydney

SOURCE: Mercer

**MOST FREQUENTLY SELECTED LOCATIONS FOR EXPATRIATE ASSIGNMENTS**

1. United States
2. China
3. United Kingdom
4. Singapore
5. Germany
6. India
7. Netherlands
8. Switzerland
9. UAE
10. Australia
11. Hong Kong
12. Russia
13. Belgium
14. Italy
15. France

SOURCE: Brookfield Global Relocation Services survey of 120 companies, 2010

**AVERAGE CHANGE IN THE PER-EMPLOYEE COST OF HEALTH RELATED BENEFITS FROM 2009 – 2010, BY COUNTRY**

Country	Average change
All Respondents	3.3%
UK	4.9%
Ireland	4.9%
Portugal	4.1%
Netherlands	3.7%
Poland	3.3%
France	2.7%
Italy	2.3%
Spain	2.1%
Czech Republic	1.8%
Germany	1.5%

SOURCE: Mercer's Pan-European Survey of Employer Health Benefits (556 employers) 2010

# Europe



**So close, but yet so far. Europe still presents challenges for UK-based brokers, although the high reputation of UK brokerage puts advisers in a great position to capture the market, says Philip Wright, director UK, DKV Globality.**

Especially in Europe, the competition for high-potential individuals is more and more intense. The increasing transparency and competitiveness of the EU labour market means that the health of expats and their families is not only a key factor for the success of the assignment but a competitive factor for multinationals. High potential talents, strategic business leaders, seasoned technical experts, career building volunteers – they will all need attention from HR if they are to be attracted, motivated and especially retained. The way companies manage their talents has become a major differentiator, one that is far less replicable than compensation policy.

Health insurance provision by employers has grown globally and is rapidly becoming the most valued employee benefit. Typical long-term assignments can often cost an organisation between two to three

times the individual's base salary. This makes it all the more important to ensure optimum care for these employees in the event of illness.

Although the infrastructure within Europe provides expats and their families with, for example, affordable flights and more or less reasonable flight plans, European assignments still mark significant investments for both employers and employees – economically and organisationally. Only the most well informed intermediaries, linked with the best partners will be able to service their clients consistently and in the best possible way.

Medical inflation is driven by high utilisation, the cost increases in health provision and the rise in the volume of large cases. Medical inflation now exceeds the rate of general inflation in 95% of all countries. For the last decade, medical costs are constantly

increased in all developed economies. Even the last year has shown some remarkable increases in medical inflation: UK (8.8% in 2010 to 9.7% in 2011), Spain (8.7/9.7%), Switzerland (8.0/9.5%), France (6.1/8.4%) and Russia (6.7/11.7%).

National health authorities in Europe are taking more and more actions to protect their overburdened healthcare systems by shifting costs to employers and individuals. They restrict access to specific drugs and technologies. As a result the demand for international PMI (iPMI) plans is increasing.

World citizens and multinationals require borderless health insurance. Insurance providers need to mirror this demand with a global network of local entities bringing in their on-site networks with providers and face-to-face knowledge.

“ National health authorities in Europe are taking more and more actions to protect their overburdened healthcare systems by shifting costs to employers and individuals ”

The quality of service provision, global reach and local know-how of iPMI insurers must not only be tested by multinationals but also by brokers to find the right partner for their clients.

Expats are generally well paid and therefore effective cost control is not about putting in place excesses per claim per person. Full medical



Although it is clear that the UK was hit hard by the economic crisis, it is still one of the key markets for iPMI business in Europe. iPMI business placed from the UK is largely driven by well established UK companies which have significant operations abroad. Key sectors include oil and gas, defence, professional services, financial services, mining and retailing. The UK has a very well developed domestic PMI industry, which covers many expats moving to the UK, as it provides an effective solution at a lower cost than iPMI policies.

Possibly unique in the European market is the presence of specialist brokers who focus on the international healthcare market. As a result the majority of iPMI business is handled by a comparatively small number of key intermediaries.

Due to high levels of professionalism and specialist knowledge, UK broking has a strong brand name internationally. British broking is seen as high quality, well-regulated and trustworthy. UK brokers may therefore look to export their specialist knowledge in iPMI by opening offices overseas where there



are significant numbers of corporate clients and individuals looking to access iPMI cover.

Access to some of these key markets is easier than you might think. In Dubai, for example, there are free zones where intermediaries can set up a wholly owned subsidiary without having to have a local partner. In other industries, everyone is doing it; civil engineering marketing, law, sometimes starting with only three or four employees, so there is an established model UK broking organisations might follow.

underwriting, professional (direct) claims settlement and an assistance and service process that assure both qualified diagnosis and optimum and effective medical treatment are required. In addition, a global presence, international expertise, local know-how and common platforms that go beyond strategic partnerships need to be in place.

Expats need a partner with an extensive worldwide footprint to offer consistent advice all around the globe. They also need a partner with an extensive on-site footprint, one who is familiar with the healthcare system of the new country of residence,

one that knows the local structures and the right people to contact by heart. Direct local presence will always be an advantage. Local knowledge and the ability to share real experience around the globe means less time is wasted finding out answers and errors are reduced all resulting in better service. On-site know how, brought together in a world-wide pool, sharing information, quickly accessing information and getting in touch more easily means that staff are better equipped and can deliver a better standard of service. As a result time waste and errors are minimised.

## SPAIN



With 761,000 British people living there, Spain is not only hosting the second largest (after Australia) British expat community but one of the most important markets for expat business in Europe. Spain has one of the most centralised healthcare systems in the world. Patients have no choice of provider and there is almost no cost sharing. Like most centralised systems without cost-sharing, there are significant waiting times for procedures. This has resulted in a two-tiered system where 12% of the population receives higher quality care by purchasing private insurance.

Spanish companies became global leaders in some industries with, for example, Telefónica being the largest telecommunications company in Europe. Traditionally Spanish companies have invested in Latin America, because it was the natural market for language and cultural reasons. With a strong economy at home Spanish companies turned to North America and the rest of Europe when they wanted to expand during the last decade. But the global financial crisis hit the local market hard.

After years of growth, they have to rethink their strategies and are looking into foreign markets. Especially branches that have traditionally gained most of their money in the domestic market use old partnerships to expand their business abroad: construction, automotive and telecommunication



are – along with tourism – the main drivers for foreign business. Although strongly growing, the expat health insurance market is still a niche market. Specialised insurance consultants help brokers in finding the right solution for expanding companies.

The business of people coming to Spain is also very interesting for brokers. A recent study of *Forbes* magazine showed that expats voted Spain in the top 10 expat countries, making it a leader in Europe. Hundreds of thousands foreigners, mainly from the northern European countries, move to Spain every year to spend their years “of retirement” in the southern sun.

Intermediaries (brokers or agents) have to be authorised to transact insurance business. They are only allowed to place business with locally licensed insurers.

## REGULATION – DIFFERENTIAL GENDER PRICING BECOMES ILLEGAL

The European Court of Justice issued a ruling on 1st March 2011 invalidating the current derogation in EU law that allows differences in insurance premiums for men and women.

According to the European Union Directive 2004/113 which prohibits discrimination on the ground of sex in the access to and supply of goods and services, EU members states may foresee a derogation in their legislation, allowing insurance companies to deviate from the non-discrimination rules where sex is a determining factor that can be

“ The quality of service provision, global reach and local know-how of iPMI insurers must not only be tested by multinationals but also by brokers to find the right partner for their clients ”

substantiated by relevant and accurate actuarial and statistical data. Most of the European member states have used this possibility in their implementing legislation. A gender-based difference in premiums is mainly seen in life, health and car insurance.

## FRANCE



The number of French expats increases by three to four per cent per year. In 2010 France had a total number of 1,504,000 expatriates. Expat populations by country of residence are: Switzerland (145,000), the US (115,000), UK (113,000), Germany (111,000), Belgium (101,000) and Spain (90,000).

France has been and will continue to be a first choice destination for those, predominantly the British (462,000), desiring to relocate. Many expats choose to move to France because they are in the opinion that there is less crime, the pace of life is enjoyable and the cost of living is lower than their home country. France is very popular as a home for retired expats, with 40,000 pensioners from UK. There are currently an estimated 4.3 million foreign residents in France. The majority are EU citizens.


Expatriates working in France on a regular basis are generally liable for social security contributions except where the situation is modified by a bilateral agreement with the home country. Any expatriate who is resident and employed in France will be expected to contribute to the social security healthcare system. Private healthcare policies are designed to supplement this cover and are available to expatriates.



In practice, the French reimbursement system of healthcare makes it difficult for expatriates to remain within their “home” system. Where expatriates elect to join the French system they participate on the same basis as a local resident. French expatriates may remain members of their national social security system for a certain period depending on the circumstances. Expatriates working for multinational companies in France may well have healthcare insurance provided as part of their remuneration. Expatriates employed in France are generally covered under the same schemes as those operating for local citizens. Individual PMI would be purchased through employee benefit specialists and brokers.

The Belgian consumer association Test-Achats brought an action before the Belgian Constitutional Court, who referred the case to the European Court of Justice, asking to rule on the compatibility of the derogation with the principle of equal treatment for men and women under European law.

The European Court of Justice invalidates this derogation from 21st December 2012. Therefore, all

EU member states' legislation allowing a difference in premiums for men and women will become lapsed from this date. Insurance companies will have to implement unisex premiums as from then. Some insurers will now face significant additional costs in reassessing data, transforming premiums and changing terms and conditions and marketing materials for certain products. 

## SWITZERLAND

A lot of international organisations and multinational companies are located in Switzerland. Currently more than 700,000 Swiss people are working and living abroad. Due to the high standard of medical care and the health insurance system in Switzerland, these persons are used to a comprehensive level of benefits and treatments. Hence, their expectations regarding the coverage and assistance for all health related issues during their stay abroad are very high.

Not many "Schweizer Krankenkassen" offer products for expatriates as they have only limited capabilities of meeting the needs of insured living abroad. Hence, some of them collaborate with international insurance providers. Due to the global approach of the international insurance companies, they are mostly able to invest in worldwide provider networks and build up local service centres for claims handling and support for the insured all over the globe. Furthermore, the employer can reduce his costs by insuring his expatriates with an international provider. Compared with a similar insurance coverage offered by a "Schweizer Krankenkassen", in general the premium per person within an international group contract is lower.

One of the further very important points for companies sending their Swiss staff abroad is the capability of an international insurer to offer a Swiss continuation option, i.e. that the people returning to Switzerland obtain the right to continue their insurance coverage in Switzerland without any further risk assessment or without restrictions.



Until 1 January 2006 intermediaries had not been supervised, but supervision was introduced under the updated VAG (Versicherungsaufsichtsgesetz), under the influence of the EU Insurance Mediation Directive. A new institute was set up to regulate intermediaries and to protect Swiss financial markets and the consumer, but since 1 January 2009 this role has fallen to FINMA, the financial market supervisor. Independent intermediaries have to register. Tied intermediaries may register but it is not compulsory. The VAG requires professional and personal qualifications, including passing an examination and providing professional indemnity insurance or other financial security.



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## PRODUCT PORTFOLIO

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- No maximum age restrictions
- Flexible payment methods without surcharges
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- Cover for chronic conditions
- Scopes of cover: Classic, Plus, Top with a wide range of deductibles



# *The Middle East and North Africa*



The Middle East and North Africa remain lucrative hot spots for brokers looking to grow their iPMI client base in the long-term. But, as Stuart Leatherby, managing director, Middle East & Africa, Aetna International, explains, the continued rise in chronic disease rates poses challenges too.

With an expanding middle class and a growing economy, the Middle East and North Africa (MENA) is fertile ground for many businesses. At the same time, the region is experiencing exploding rates of chronic conditions like obesity and diabetes. The associated rise in healthcare costs presents both a challenge and an opportunity for a growing private health insurance industry.

## **MIDDLE CLASS ECONOMY AND MIDDLE CLASS HEALTH CONCERNS**

Improving economic conditions bring many benefits to society – rising standards of living, longer life expectancies, broader employment and investment opportunities, and increased funding for both public

and private infrastructure – benefits that both governments and populations strive to achieve. But accompanying these societal benefits are challenges more often associated with developed regions – including an increasing rate of chronic disease.

Across the globe, healthcare costs continue to rise, as does the incidence of chronic diseases like obesity and diabetes (see accompanying chart). This trend is echoed regionally with the Arab states experiencing the highest rate of obesity outside the US (68% of the regional population), as well as the highest incidence of diabetes (13% of population regionally).<sup>1</sup> Obesity and diabetes are often associated with changes in diet and a more sedentary lifestyle – side effects often associated with economic prosperity.

<sup>1</sup> Source: World Health Organisation, IMF, International Diabetes Federation, International Association for the Study of Obesity



These numbers are staggering. They represent not only a personal crisis for the individuals involved, but a huge challenge for employers and governments. For employers, chronic disease can lead to increased absenteeism, lower productivity and rising benefits costs. From a government perspective, the rise in healthcare costs is often unsustainable, as the existing public health infrastructure cannot meet the rising demand for care. As a result, some governments are looking for public-private solutions to expand access to healthcare and control costs.

### **STEMMING THE TIDE**

How can the health insurance industry help slow the incidence of illness and the inevitable cost it presents? Today, some insurers have begun to expand the definition of "insurance" beyond traditional cover for medical services received. Our industry has recognised that to bend the healthcare cost curve, we must both promote wellness and prevent and detect illness before serious medical intervention is required. At Aetna, our experience has demonstrated that the cost of early detection and disease management is far outweighed by the cost

of acute, often emergency, inpatient treatment. And helping individuals control their own health is simply the right thing to do.

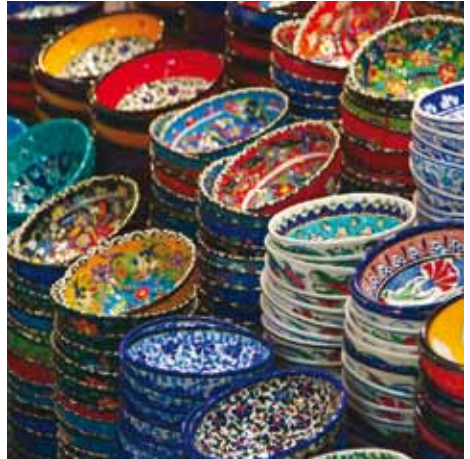
In the MENA region, one challenge to this effort is the lack of access to healthcare resources that can lead to early diagnosis. Without access to healthcare, chronic conditions often go untreated, potentially resulting in life-threatening and very expensive crises. In addition, many MENA residents do not seek out healthcare until they are quite ill, which compounds the problem. Whether the reason is cultural, educational or economic, we clearly have our work cut out for us in helping local populations see the value in preventive treatment and early diagnosis.

One tool at our disposal, which Aetna has had great success with elsewhere, is called a Health Risk Assessment (HRA). An HRA is a questionnaire that helps determine if an individual is at risk for various health issues. By looking at family history, current health and lifestyle, predictive models can assess the potential incidence of future illness. That allows individuals to anticipate future health issues and make behaviour changes – like increasing exercise or modifying their diet – to head them off.



Once illness is detected, health insurers such as Aetna can provide robust disease management programmes to help control the symptoms and slow the progression of many chronic conditions. For those with diabetes, that might mean covering blood sugar monitoring equipment, providing nutritional counselling and encouraging regular exercise. A nurse helpline and online tools can also provide information and education to support patients. These are simple steps that work by empowering individuals to control their illness rather than letting illness control them.

Aetna's extensive experience in this area is illustrated in its work with a Fortune 500 computer company. Aetna developed a three-year wellness programme for the company's employees in Asia. Over the life of the programme, 38% of participants decreased their body mass index (BMI) – a critical measure of health – and more than 50% reported exercising regularly and eating lower-fat diets. Educating individuals about the health impact of lifestyle choices may not be part of the traditional role of insurance companies, but by encouraging healthy behaviours like losing weight, eating healthfully and quitting smoking, we can work together to improve



both the physical health of individuals and the economic health of governments and employers.

### THE POWER OF INFORMATION

Another way insurance companies can help improve healthcare quality and stem rising healthcare costs is by developing and promoting health information technology. It is said that information is power – and nowhere is that more true than in healthcare. If we can gather consistent, reliable data, we can identify health trends and propose solutions that not only work, but are relevant to the population. The insurance industry, employers, governments and individuals must work together to adapt existing technologies in a way that meets the social, cultural and economic goals of the MENA region.

One area that has already embraced this concept is Dubai. At the HIMSS Middle East Conference, both government officials and the Dubai Health Authority publicly announced their support for increasing the role of health information technology as a means of improving care while reducing costs. This is encouraging and, hopefully, will start a trend that will be adopted by other players in the MENA region.



**A REGIONAL SOLUTION**

Finally, in a growing market like the Middle East and North Africa, where companies are expanding across national borders, it is important for an insurance carrier to provide regional solutions. Providing licensed cover in multiple locations recognises the nature of this economy and meets the demand of employers for easy-to-administer,

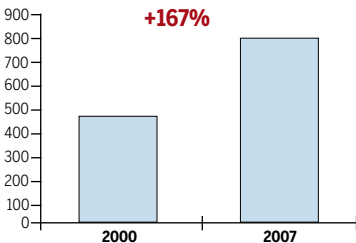
one-stop solutions to their health insurance and wellness needs.

As the Middle East and North Africa continue to grow, the insurance industry must step up. By offering innovative, local solutions to meet the ever-changing needs of the region’s governments, employers and residents, our industry can be a true partner in this exciting evolution. 🇺🇦

**HEALTH SYSTEMS AROUND THE GLOBE FACE COMMON PRESSURES AROUND COSTS AND RISING CHRONIC DISEASE PREVALENCE**

**COST AND AFFORDABILITY**

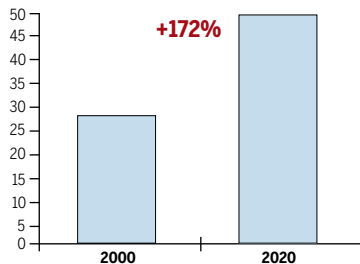
Global Total Expenditure  
Per Capita (USD)



Source: World Health Statistics, World Health Organisation 2010

**CHRONIC DISEASES**

Number of Deaths from Chronic Diseases (Millions)



Source: Yach, D. et al. JAMA 2004;291:2616-2622.



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## PROFILE

At Aetna, we make it our business to understand our customers' business. Our expertise in the international health benefits domain gives us unique and powerful insight into the diverse needs of the global marketplace — enabling us to craft innovative, flexible and integrated solutions.

Our local footprint touches regions around the world, including the US, Europe, Asia, the Middle East and Africa. The recent launch of numerous products, programmes and services demonstrate our investment and dedication to the European market and enable us to build upon our strong foundation and reputation.

We're driven by our core values — innovation, integration, flexibility and first-class service. Plus, we continue to leverage our over 150 years of experience as a leading diversified healthcare benefits company on a global scale.

We place the people who use our services at the centre of everything we do. It's our commitment to building trusting, value-added relationships that sets us apart in the marketplace.

## PRODUCTS/SERVICES

- **International PMI:** Our extensive product portfolio offers groups and individuals one-stop shopping, simplicity and value. We offer flexible products with both local and worldwide cover to meet their unique needs — from both a cost and benefits perspective. These core offerings are designed to work together across multiple geographies and feature options with both US and European-style plan designs.

Our global presence and strategic partnerships enable us to adapt to international regulatory environments and to provide compliant solutions for our customers.

- **Optional programmes and services:** our customers can enhance many of our medical plans by choosing from our suite of innovative optional programmes and services. This includes standard and preventive dental cover, pharmacy benefits, vision cover, life and disability insurance, and emergency assistance and evacuation services.
- **Wellness solutions:** we are committed to empowering people to live healthier lives. As one of the industry leaders in health and disease management worldwide, we are uniquely positioned to bring new pro-health solutions to our customers and members. We believe our various health and wellness programmes not only help encourage healthy lifestyles, but also help to breed a positive corporate culture for both employees and employers.
- **First-class services:** we strive for all interactions to be accessible, simple and clear, which includes providing the right information to help our customers and members make informed decisions. This includes: our dedicated sales consultants who serve as trusted partners to our producers; our convenient, dedicated 24/7 member services; our streamlined and consultative employer services; and our in-house team of clinicians to coordinate our members' unique health care needs.

# The Far East



Hong Kong, China, Singapore, Malaysia and Thailand all remain attractive destinations for expatriates. Ralph Tam, managing director, Asia Pacific for Now Health International, outlines the opportunities for intermediaries and explains why health insurance is a must for the growing number of expats who arrive each year.

Despite the downturn around the world, the Far East has managed to continue to grow its industry and in particular increase its high net worth (HNW) population. In Hong Kong the HNW population grew 104% during 2009 after losing out in the previous two years and China remained the fourth largest HNW base. The Asia Pacific region's HNW population rose 25.8% overall to three million.

In addition, Singapore ranked number four in the HSBC Expat Explorer Survey 2010, the annual report that offers an insight into the expat life around the world. Hong Kong, China, Malaysia and Thailand all ranked very closely behind in the survey at 9th, 10th, 11th and 12th respectively. These are good markers that show that the expats in these countries are some

of the wealthiest in the world – wealth hotspots, as they have become known.

These countries are the destinations for executives looking for career progression and rewards alongside a high quality of life while Thailand has become a popular destination for retirees from around Europe.

The number of senior level expats is set to increase to China and other Asian countries in the next five years according to research by the Economist Intelligence Unit as almost 30% of companies plan to increase their expat staff. In Singapore alone, the country's Ministry of Manpower estimates there are an estimated 100,000 expatriates.

There are excellent opportunities for brokers to gain and grow a steady book of international private

medical insurance (iPMI) business from the region. For various reasons PMI is a must for expatriates and, as more and more people choose to relocate to the region, the demand will consistently grow.

Intermediaries who ignore this lucrative market do so to their peril. One easy way and a first step is to target corporates who have a presence in the region, or checking whether current customers have an office base and personnel in this region.

## EXPAT LIFESTYLE AND HEALTHCARE AROUND THE FAR EAST



### HONG KONG

Expatriates living and working in Hong Kong have a very good standard of life and are high earners. The cost of living in Hong Kong is high but this is balanced by lower tax payments.

### HEALTHCARE IN HONG KONG

Hong Kong has an excellent healthcare service and offers both a public and private system. It is worth remembering, however, that next to the US and China the country's private hospitals charge the highest medical costs in the world. Of course, in return, patients receive the best professional care and the

hospitals have state of the art medical equipment. Expats living in Hong Kong must have medical insurance from even the most basic cover although most employers now provide cover through company plans. Neighbouring countries such as China rely on Hong Kong for evacuation cases.



### SINGAPORE

Expatriates in Singapore have one of the highest incomes in the world and the country ranks highly for wealth and standard of living. Once again lower taxation is a draw and many expats have a high disposable income level.

### HEALTHCARE IN SINGAPORE

Singapore has both a public and private healthcare system although there are no major quality differences between the two. Private hospitals are more expensive but do offer more specialised care. The healthcare system in Singapore is the responsibility of the Ministry of Health and hospitals and level of care is very good. Contributions towards the healthcare system are made through employers' payroll and a national healthcare plan and both private and public hospitals are available for use.



**CHINA**

There is ongoing confidence in China as the economy continues to go from strength to strength. Expatriates have seen an increase in their income and whilst some items have increased in price the overall cost of living is still low.

**HEALTHCARE IN CHINA**

China, along with Hong Kong, is one of the most expensive countries in the world for healthcare. Hospitals and healthcare in the main cities are very good but in the provinces the care is of a lower standard and fewer and far between. China no longer provides free healthcare even in the provinces and everyone is encouraged to buy health insurance, however, expatriates are able to access the public healthcare system and are charged the same rate as locals. Emergency treatment is often inadequate given a lack of ambulances and emergency equipment.

**MALAYSIA**

In 2010, Malaysia had the 30th largest economy in the world and the third largest in South East Asia by purchasing power parity, with a GDP of an estimated \$387bn (US\$). This is set to continue to grow in coming years. The petroleum industry is one of the country's highest contributors followed by technology.

**HEALTHCARE IN MALAYSIA**

The healthcare facilities in Malaysia are excellent and costs are reasonable. For expats moving to Malaysia, medical insurance is compulsory in order to obtain a visa. Expatriates are not able to access the public health services without paying for treatment. It is worth bearing in mind that the ambulance services in Malaysia are less efficient and quality and response rates are pretty poor.



**THAILAND**

Many expats have flocked to Thailand for decades to enjoy the beaches and lifestyle. The country offers many opportunities for expats. While visa requirements are stricter now than in previous years there are many ways for expatriates on even a small budget to enjoy a good quality of life. Some taxes can be high but the low cost of living offsets these costs.

**HEALTHCARE IN THAILAND**

Thailand has good healthcare facilities with reasonable costs despite the fact that less than 4% of GDP is spent on healthcare each year. Indeed, there is a growing medical tourism industry, as the costs for surgery are a fraction of the cost elsewhere. The standard of healthcare in the public hospitals is

not high with overcrowding and lack of equipment a problem. However, expats are not covered on the state health insurance and either pay their medical bills so, although it is not compulsory to have medical

insurance, it is advisable. There are clinics for expats, which are slightly more expensive, but the staff usually speak English and other European languages, and the service is very good. 🇹🇵

## HEALTH EXPENDITURE

Country	Population	Total expenditure on health as % of gross domestic product 2007	Per capita total expenditure on health at average exchange rate (US\$) 2007	Private prepaid plans as % of private expenditure on health
China	1,331,460,000	4.3	108	7.1
Malaysia	27,467,837	4.4	307	14.4
Singapore	4,987,600	3.1	1148	2.8
Thailand	67,764,033	3.7	136	19.5

## HEALTH SERVICE PERSONNEL

Country	Number of physicians (per 10,000 of population)	Number of nursing and midwifery personnel (per 10,000 of population)	Number of dentistry personnel (per 10,000 of population)	Private prepaid plans as % of private expenditure on health
China	14	10	1	3
Malaysia	7	18	1	1
Singapore	15	44	3	3
Thailand	3	14	1	1

Country	Number of hospital beds (per 10,000) – 2000-09
China	13
Malaysia	30
Singapore	32
Thailand	22

Source : World Health Organisation – World Health Statistics 2010

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Now Health International is a specialist international insurance provider founded in 2010. At the heart of our offer are benefit-rich products combined with our aim to provide unparalleled service to our customers.

With offices in Hong Kong, Dubai and the UK, we are strategically placed to service the main expat hubs and global emerging markets. Our people are experts in international health insurance and deliver local market knowledge with fast and accurate service.

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Now Health is designed to deliver more for you and your clients through innovative and transparent products and service. Our plans for individuals and families and for companies are created to suit contemporary, international lifestyles at a range of price points.

WorldCare, our international health insurance plan, is designed to be comprehensive and benefit rich. Extensive research has aligned our offering with the top international health insurance providers in the market. There are four levels available: Essential, Advance, Excel and Apex. This means you can recommend a level of cover appropriate to your clients' lifestyles, budgets or business needs.

# AIMIP – LOOKING TO GROW THE iPMI MARKET

Since 2007, when it was formed, the Association of International Medical Insurance Providers (AIMIP) has worked to grow the iPMI market, supporting intermediaries and growing the profile of the sector.

AIMIP’s philosophy is “to help insurance brokers, intermediaries, agents and partner companies to better understand the products and services of its members covering both individual and corporate across the four corners of the world.”

As an industry advisory body, AIMIP provides guidance on international product development, claims management and fraud prevention, regional and local regulatory issues, technical advice and training requirements.

With a membership comprising over 90% of UK and Ireland-based international insurance companies and managing general underwriters, AIMIP meets regularly to discuss the issues facing an industry that continues to see extensive year on year growth at a time when many domestic medical insurance markets are seeing a degree of contraction.

The association aims to support both intermediaries who are new to iPMI and those who are more experienced in the field. A seminar in 2010 attracted huge interest from a broad spectrum of intermediaries and plans are afoot to hold a similar event this year. 🇬🇧



*More information about AIMIP, including its purpose, its code of ethics and its list of members is available at [www.aimip.org.uk](http://www.aimip.org.uk)*

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